

**INTERSTATE
DEPARTMENT STORES, INC.**
NEW YORK, N. Y.

ANNUAL REPORT
THIRTEEN MONTHS ENDED
JANUARY 31, 1933

DIRECTORS

LEO G. FEDERMAN

PAUL MAZUR

JOSEPH FEDERMAN

HAROLD J. SZOLD

JOHN STILLMAN

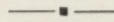
WILL I. LEVY

PHILIP I. CARTHAGE

CHRISTIAN E. DAHLGREN

BENJAMIN VOLEN

HENRY GESSNER



OFFICERS

PresidentLEO G. FEDERMAN

1st Vice-PresidentWILL I. LEVY

2nd Vice-PresidentJOHN STILLMAN

3rd Vice-PresidentBENJAMIN VOLEN

4th Vice-PresidentHARRY FRANKFORTER

TreasurerHENRY GESSNER

SecretaryALBERT PARKER

APRIL 7TH, 1933.

TO THE STOCKHOLDERS OF INTERSTATE DEPARTMENT STORES, INC.:

Submitted herewith is the Consolidated Financial Statement of the Company and its Subsidiaries as at January 31, 1933 and for the thirteen months then ended.

Since the last annual report was issued, the fiscal year of the Company has been changed from the calendar year to a fiscal period beginning on February 1 and ending January 31 of the following year, in accordance with the general practice employed by many large retail companies, and in order to align the fiscal period more closely with the seasonal periods of consumer demand.

The net loss for the fiscal year ended January 31, 1933 was \$594,068.53. This loss is accounted for in part by the continued decline in commodity prices which resulted in a decrease in sales of 13% and which necessitated unusually heavy markdowns. Non-operating losses and adjustments applicable to prior years included in the above total, aggregated \$121,182.28.

Inventories are stated conservatively on the basis of today's cost or market, whichever is lower, ample provision having been made for future markdowns. Reserves have been provided against other assets and all known liabilities have been included.

The financial condition of the Company at the close of the fiscal year shows a ratio of current assets to current liabilities of 4 to 1.

The accounts submitted have been audited by Touche, Niven & Co., Public Accountants.

Very truly yours,

LEO G. FEDERMAN, *President.*

INTERSTATE DEPARTMENT AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

A S S E T S

CURRENT ASSETS:

| | | |
|---|---------------------|----------------|
| Cash | \$ 475,702.84* | |
| Accounts receivable, trade, less reserves of \$23,615.26..... | 126,521.65 | |
| Sundry debtors | 94,734.95 | |
| Due from officers and employees, less reserves..... | 60,099.80 | |
| Inventories—on the basis of cost or market, whichever is lower: | | |
| Merchandise | \$2,784,506.33 | |
| Merchandise in transit | 75,135.41 | |
| | <u>2,859,641.74</u> | \$3,616,700.98 |

OTHER ASSETS:

| | | |
|---|------------------|--|
| Deposits in banks closed prior to January 31, 1933, less reserve of approximately 50% | \$ 27,825.51 | |
| Miscellaneous balances | 18,059.27 | |
| | <u>45,884.78</u> | |

FIXED ASSETS:

| | | |
|--|---------------------|--|
| Land and buildings—at cost, less depreciation of \$31,549.63..... | \$ 268,450.37 | |
| Leaseholds—at cost, less depreciation of \$54,784.41..... | 193,112.71 | |
| Alterations and improvements to leased premises—at cost, less depreciation of \$171,694.58 | 313,856.49 | |
| Furniture and fixtures—at cost, less depreciation of \$681,532.69..... | 694,358.01 | |
| Delivery equipment—at cost, less depreciation of \$4,521.41..... | 2,678.49 | |
| | <u>1,472,456.07</u> | |

DEFERRED CHARGES:

| | | |
|--|-------------------|-----------------------|
| Prepaid expenses (unexpired insurance, etc.) | \$ 88,271.63 | |
| Supplies | 41,191.14 | |
| Pre-opening expenses | 21,647.82 | |
| | <u>151,110.59</u> | |
| | | <u>\$5,286,152.42</u> |

*There was approximately \$20,000.00 of cash on hand at the time of the federal moratorium and which was used to pay the interest on the bonds.

MENT STORES, INC.

COMPANIES

HEET, JANUARY 31, 1933

LIABILITIES

CURRENT LIABILITIES:

Accounts payable:

| | | |
|--|-------------------|---------------|
| Trade creditors | \$ 632,001.29 | |
| Trade creditors for merchandise in transit | 75,135.41 | |
| Accrued salaries and expenses | 58,240.33 | |
| Accrued state, city and county taxes | 85,370.30 | |
| Sundry creditors and reserves | 51,580.81 | |
| | <u> </u> | \$ 902,328.14 |
| RESERVE FOR CONTINGENCIES | | 100,000.00 |
| MINORITY INTEREST IN SUBSIDIARY COMPANY | | 6,171.01 |

NET WORTH:

Preferred stock, 7% cumulative:

Authorized and issued, 32,500 shares of the par value of \$100.00 per share. \$3,250,000.00

Less:

| | | |
|--|-------------------|------------|
| Retired and cancelled, 6,000 shares | \$ 600,000.00 | |
| In treasury, held for retirement, 1,700 shares | 170,000.00 | |
| | <u> </u> | 770,000.00 |

| | |
|----------------------------------|----------------|
| Outstanding, 24,800 shares | \$2,480,000.00 |
|----------------------------------|----------------|

Common Stock:

Authorized, 240,000 shares of no par value.

| | |
|---|----------------|
| Issued and outstanding, 233,602 shares of the stated value of \$5.00 per share | \$1,168,010.00 |
|---|----------------|

| | |
|--|-------------------|
| Less 30,000 shares reacquired (of which 10,000 shares are reserved for sale under an option agreement) .. | 150,000.00 |
| | <u> </u> |

1,018,010.00

| | |
|------------------------------------|-------------------|
| Surplus, per Statement No. 2 | 779,643.27 |
| | <u> </u> |

4,277,653.27

\$5,286,152.42

a banks which closed in connection with the
l not obtain licenses to reopen.

INTERSTATE DEPARTMENT STORES, INC.

AND SUBSIDIARY COMPANIES

CONSOLIDATED SURPLUS

THIRTEEN MONTHS ENDED JANUARY 31, 1933

BALANCE, January 1, 1932:

| | | |
|-----------------------|----------------|--|
| Earned surplus | \$ 694,932.68 | |
| Capital surplus | 1,540,878.23 | |
| | <hr/> | |
| | \$2,235,810.91 | |

ADD:

| | | |
|---|-----------|----------------|
| Excess of par value over cost of preferred stock reacquired during 1932 ... | 49,778.50 | |
| | <hr/> | \$2,285,589.41 |

DEDUCT:

| | | |
|---|---------------|--------------|
| Net loss, year ended January 31, 1933, per Statement No. 3 | \$ 594,068.53 | |
| Net loss, month of January, 1932 | 123,563.84 | |
| Dividends declared on preferred stock—five quarterly dividends | 219,625.00 | |
| Reduction to stated value of purchase price of Company's common stock re- | | |
| acquired | 468,688.77 | |
| Transfer to reserve for contingencies | 100,000.00 | |
| | <hr/> | 1,505,946.14 |

| | |
|--|---------------|
| BALANCE, January 31, 1933, to Statement No. 1..... | \$ 779,643.27 |
| | <hr/> <hr/> |

NOTE: Surplus has not been appropriated with respect to capital stock repurchased.

INTERSTATE DEPARTMENT STORES, INC.

AND SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS YEAR ENDED JANUARY 31, 1933

NET SALES:

| | | |
|--------------------------|-----------------|-----------------|
| Owned departments | \$18,651,546.81 | |
| Leased departments | 3,308,033.55 | |
| | <hr/> | \$21,959,580.36 |

COST OF GOODS SOLD, SELLING, OPERATING AND ADMINISTRATIVE EXPENSES, exclusive of depreciation and interest

22,218,667.74

\$ 259,087.38

OTHER DEDUCTIONS:

| | | |
|--|---------------|---------------------|
| Provision for losses from banks closed before January 31, 1933, for losses from insurance company failure and other non-trading deductions | \$ 48,440.67 | |
| Adjustments applicable to previous years—accrued expenses, reserves, etc., less excess tax provision | 79,890.33 | |
| | <hr/> | |
| | \$ 128,331.00 | |
| Less interest on bank balances, and other non-trading income | 7,148.72 | |
| | <hr/> | 121,182.28 |
| | | <hr/> \$ 380,269.66 |

ADD:

| | | |
|---|---------------|------------|
| Depreciation of building and fixtures | \$ 189,463.05 | |
| Pre-opening expenses written off | 23,084.21 | |
| Interest paid | 2,597.23 | |
| | <hr/> | 215,144.49 |

PROPORTION OF LOSS APPLICABLE TO MINORITY INTEREST IN SUBSIDIARY COMPANY \$ 595,414.15

1,345.62

NET LOSS, to Statement No. 2

\$ 594,068.53

TOUCHE, NIVEN & CO.
Public Accountants
EIGHTY MAIDEN LANE
NEW YORK

APRIL 7, 1933.

TO THE BOARD OF DIRECTORS,

INTERSTATE DEPARTMENT STORES, INC.:

We have made an examination of the accounts of Interstate Department Stores, Inc. and subsidiary companies from January 1, 1932 to January 31, 1933 and, in our opinion, the accompanying statements, on the basis described therein, present the financial condition and result of operations of the Company and its subsidiaries at the date and for the period stated.

TOUCHE, NIVEN & Co.,
Public Accountants.

